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**Via ECFS**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: *Expanding the Economic and Innovation Opportunities of Spectrum  
through Incentive Auctions*, GN Docket No. 12-268**

***Amendment of the Commission's Rules with Regard to Commercial  
Operations in the 1695-1710 MHz, 1755-1780 MHz, and 2155-2180  
MHz Bands*, GN Docket 13-185**

Dear Ms. Dortch:

Sandhill Communications, LLC (“Sandhill”), by its attorneys, and pursuant to Section 1.1206 of the rules, 47 C.F.R. §1.1206, urges the Commission to award spectrum in upcoming auctions, particularly the incentive auction of 600 MHz band spectrum, on the basis of Cellular Market Areas (“CMAs”). Licensing the 600 MHz band on the basis of CMAs will allow for broad participation in the incentive auction by wireless carriers and broadcasters. Increasing auction participation and competition in the auction will foster innovation and competition in the marketplace, maximize auction revenues, and promote the deployment of services – including the deployment of services to rural areas. This will serve the public interest and allow the Commission and the country to achieve significant public interest objectives, such as providing funding for FirstNet.

By contrast, auctioning spectrum on the basis of Economic Areas (“EAs”) or other large geographic areas will effectively eliminate participation by small and rural entities, confer a windfall on large wireless carriers, delay the deployment of services to rural areas, and for the incentive auction, likely reduce the amount of spectrum repurposed and revenue generated pursuant to the auction.

Sandhill is deploying a 4G network to serve rural and underserved areas in one CMA in South Carolina. Sandhill previously participated, and acquired CMA-based licenses, in Auctions

66 and 73. Sandhill desires to continue to innovate and deploy mobile broadband services in rural South Carolina.

Were the Commission to auction spectrum on the basis of EAs, Sandhill would have to attempt to bid on two (2) EAs covering significant portions of two (2) states in order to acquire spectrum in the regional area in South Carolina that Sandhill serves and desires to serve.<sup>1</sup> Sandhill would have to bid on spectrum covering approximately 3.6 million POPs in North Carolina and South Carolina and including the city of Charlotte, NC. Such a proposition would simply be untenable. Licensing spectrum on the basis of EAs or larger areas would almost certainly prevent Sandhill and other similarly sized entities from participating at all in any auction, including the incentive auction. Such a result will lessen competition both in the auction and the market and hobble the deployment of broadband services to rural areas.

Auctioning the 600 MHz band on an EA-basis would significantly diminish auction participation, bidding activity, and prices. This would afford a windfall to the few very large carriers that would be able to participate in the auction.

Auctioning the 600 MHz band on a CMA-basis, by contrast, will maximize revenues from the auction. As discussed by Competitive Carriers Association (“CCA”), Bluegrass Cellular, U.S. Cellular, and others, the results of past auctions demonstrate that auctioning spectrum on a CMA basis increases bidding activity and auction revenues.<sup>2</sup> Auctioning the 600 MHz band on the basis of smaller geographic areas also affords the greatest flexibility in the reclamation and repurposing of the spectrum, thus maximizing the amount of spectrum auctioned and raising overall auction revenues.<sup>3</sup>

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<sup>1</sup> Sandhill would have to bid on the following EAs, based on 1995 EAs, which the Commission has used to license other services: BEA023 – Charlotte-Gastonia, NC-SC, and BEA025 – Wilmington, NC-SC.

<sup>2</sup> See *Ex Parte* Letter from Rebecca Murphy Thompson, General Counsel, Competitive Carriers Association to Marlene H. Dortch, Secretary, Federal Communications Commission, at p. 5, filed June 28, 2013 in WT Docket No. 12-69 *et al.* (“CCA Letter”), *citing* Testimony of Steven K. Berry, President and CEO, Competitive Carriers Association, “Competition at the Crossroads: Preventing Duopoly in Today’s Wireless Marketplace,” U.S. Senate Committee on Commerce, Science and Transportation, Subcommittee on Communications, Technology, and the Internet at 8-9 (June 4, 2013) (“Berry Testimony”) (“With smaller geographic areas, more carriers are able to bid for licenses, and the increased number of bidders leads to higher revenue.”); *Ex Parte* Letter from Leighton T. Brown, Counsel for U.S. Cellular to Marlene H. Dortch, Secretary, Federal Communications Commission, filed July 15, 2013 in GN Docket No. 12-268; *Ex Parte* Letter from Ron Smith, President Bluegrass Cellular, to Marlene H. Dortch, Secretary, Federal Communications Commission, at p. 2, filed July 10, 2013 in GN Docket No. 12-268 (“Bluegrass Letter”).

<sup>3</sup> See *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Notice of Proposed Rulemaking, 27 FCC Rcd 12357 at ¶ 146 (2012) (expressing concern that licensing the spectrum on the basis of large geographic areas would constrain the amount of spectrum offered and prevent spectrum from being put to its highest valued use). The

Auctioning spectrum on an EA or larger basis also would delay the deployment of service to rural areas because the few large entities able to bid on such licenses have little or no incentive to serve the rural areas included within the large geographic license areas. Sandhill and other similarly situated rural carriers have a vested interest in providing high-quality, low cost services in their local communities, and have a proven track record of deploying services in these rural areas faster than larger, nationwide players. The Commission must ensure that small entities such as Sandhill have an opportunity to participate in future auctions in order to promote the deployment of services throughout the country – including to rural areas.

For the foregoing reasons, Sandhill urges the Commission to auction 600 MHz band licenses and other licenses in future auctions on the basis of CMAs.

Respectfully submitted,  
Herman & Whiteaker, LLC

A handwritten signature in black ink, appearing to read 'G. Whiteaker', with a long horizontal flourish extending to the right.

Gregory W. Whiteaker  
*Counsel for Sandhill Communications, LLC*

cc (via email):      Mr. Gary Epstein  
                             Ms. Ruth Milkman  
                             Mr. Jim Schlichting  
                             Mr. John Leibovitz  
                             Ms. Susan Singer  
                             Mr. Tom Peters  
                             Mr. Brett Tarnutzer  
                             Mr. Joel Taubenblatt

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costs of overcoming any potential implementation challenges in running an auction for a large number of licenses are far outweighed by the benefits of reclaiming as much broadcast spectrum as possible for repurposing and sale in the forward auction.